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STATE FOR WHA/BSC, INL/LP (JIM HIDES)
EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD

E.O. 12958: N/A

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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, DECEMBER
16 - 22

11. (U) SUMMARY:

- Anti-Corruption Prosecutor Wins New Term
- ID Director Fired After Robbery
- Promoting Citizen Access to Public Information
- Democracy Survey Results

PROMINENT ANTI-CORRUPTION PROSECUTOR WINS NEW TERM

12. (SBU) The Supreme Court unanimously confirmed Anti-Corruption/Anti-Narcotics Prosecutor Arnaldo Giuzzio for another five-year term on December 18. His confirmation by the Colorado dominated Court had been thought in jeopardy in the wake of his opening a high profile corruption case against the Colorado President of the House of Deputies, Victor Bogado. Regularly accused of political favoritism, the Court may have sought to avoid another round of criticism for sacking a prosecutor widely viewed by the public as on the front line - if not "The" front line - in the fight against corruption.

ID DIRECTOR FIRED AFTER ROBBERY

13. (U) The Director of Indentifications, Principal Commissioner Nestor Vera Plana, was fired December 19 and replaced by Ireneu Domingo Gimenez, after an assault on a National Police Identification Mobile Unit carrying approximately USD 21,000. Vera had been personally involved in the implementation of GOP's Threshold Program working with Paraguay's national registries. Inasmuch as Vera served a major partner for the MCA program's registry project, it is likely that implementation of this component, which aims at improving reliability and promptness of the currently chaotic ID and passport issuance processes will face delays.

PROMOTING CITIZEN ACCESS TO PUBLIC INFORMATION

14. (U) USAID/Paraguay and the local World Bank office have agreed to coordinate efforts to promote citizen access to public information. USAID will be awarding approximately USD 100,000 in sub-grants to civil society organizations seeking

to increase the demand for, and provision of, public information from government institutions. In addition, the World Bank will be awarding USD 35,000 worth of small grants for the same purpose. Each donor (USAID and the World Bank) will manage their competitive and administrative processes separately, but will publicly launch the grants/sub grants competitions together to demonstrate unity behind the access to public information cause.

DEMOCRACY SURVEY RESULTS

15. (U) A USAID funded Democracy survey, conducted by the Center for Information and Development Resources (CIRD), was recently released and indicates a significant level of pessimism regarding the state of the national economy, the lack of economic opportunities, and the want political situation. On the other hand, many of those surveyed were much more optimistic about their own personal economic situation than in the past. The survey also showed positive results that indicate a vast majority of respondents value key democratic institutions. Twenty percent of the respondents consider Monsignor Fernando Lugo (a Catholic cleric who plans to run for President) a viable option for bringing progress to the country, closely followed by Lino Oviedo, an ex-General currently imprisoned for an attempted coup in 1996. The most worrisome result may be that a whopping 36 percent of respondents said they plan to leave the country over the next three years.

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